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April 11, 1996

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APR 12 1996

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William F. Caton
Acting Secretary
Office of the Secretary
Federal Communications Commission
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: FCC No. 96-93, CC Docket No. 96-45, Notice of Proposed Rulemaking and Order Establishing Joint Board.

Dear Mr. Caton:

Please file the enclosed comments of the Public Utility Law Project of New York, Inc. in response to the Commission's Notice of Proposed Rulemaking adopted March 8, 1996 in the above-entitled matter. An original and eleven copies are enclosed to permit distribution to commissioners and for extra public copies. As indicated below, a copy is being sent separately to International Transcription Service.

Thank you for your cooperation.

Sincerely,


Gerald Norlander, Esq.
Deputy Director

c: All parties on attached service list

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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APR 12 1996

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In the Matter of

**Federal-State Joint Board on
Universal Services**

FCC No. 96-93

CC Docket No. 96-45

**COMMENTS OF THE
PUBLIC UTILITY LAW PROJECT OF NEW YORK, INC.
ON
PROPOSED RULEMAKING ON UNIVERSAL SERVICE POLICIES**

**PUBLIC UTILITY LAW PROJECT
OF NEW YORK, INC.**

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(518) 449-3375

Date: April 11, 1996

SUMMARY

The Public Utility Law Project of New York, Inc. ("PULP") represents the interests of low-income utility consumers. In these comments, PULP proposes that all low-income households whose incomes are within the parameters of various federal and state need-based programs be eligible for Lifeline service. The main purpose of Lifeline service should be to make core access telecommunications services available to all low-income households in the United States at a nominal price. PULP proposes that core access services be nominally priced at \$1 per month for low-income Lifeline households, and that computer list matching methods such as those employed in New York be adopted to enroll such customers efficiently. PULP also proposes core access services in addition to those proposed by the Commission.

PULP recommends that the Joint Board and the Commission establish an additional universal service principle that allows all persons to subscribe to core access services without conditioning them upon payment for other telecommunications services. Denial or termination of core access service for non-payment of other charges should be prohibited.

Attached to the comments is documentation (1) showing that billing and collection reforms in New York, which prohibit the termination of basic local service for non-payment of other charges, caused growth in access lines; (2) approval of New York's confidential matching program by the Department of Health and Human Services; (3) sample notification letters for conversion to Lifeline rates and an outreach letter for Link Up benefits; and (4) a detailed description of an automatic Lifeline enrollment program.

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

**Federal-State Joint Board on
Universal Services**

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FCC No. 96-93

CC Docket No. 96-45

**COMMENTS OF THE
PUBLIC UTILITY LAW PROJECT OF NEW YORK, INC.
ON
PROPOSED RULEMAKING ON UNIVERSAL SERVICE POLICIES**

I. Introduction

The Public Utility Law Project of New York, Inc. ("PULP") is a public interest law firm and legal services organization representing the interests of low-income customers in utility and energy matters. PULP submits these comments in response to the Commission's March 8, 1996 Notice of Proposed Rulemaking ("NOPR") regarding universal service policies and the establishment of a Joint Board under Section 254 of the Communications Act of 1934, as added by the Telecommunications Act of 1996 ("1996 Act").

PULP welcomes this opportunity to present its views regarding the implementation of the 1996 Act, particularly the new universal service, affordability, and access requirements that offer the promise of benefitting low-income households and the

entire nation. Comment length, time and resource constraints, however, make it impossible for PULP to present a full response to each issue broached in the NOPR. PULP will therefore focus on the "basic" or "core access" services that should be funded through federal universal service support mechanisms, and other changes in FCC regulations needed to implement the statutory objective to achieve universal service for low-income residential customers.

Attached to the comments is documentation showing (1) that billing and collection reforms in New York, which prohibit the termination of basic local service for non-payment of other charges, caused growth in access lines; (2) approval of New York's confidential computer list matching program by the Department of Health and Human Services; (3) sample letters notifying eligible customers of their conversion to Lifeline rates and an outreach letter for Link Up benefits; and (4) a detailed description of an automatic Lifeline enrollment and recertification program.

PULP does not comment on each section or paragraph of the NOPR, but the paragraph numbering sequence in the NOPR will be followed for convenience.

II. Goals and Principles of Universal Service Support Mechanisms.

In NOPR § 4, The Commission seeks "comment on whether there are appropriate measures that could help us assess whether 'affordable' service is being provided to all Americans," *id.*, and suggests that the level of subscribership among targeted populations may be one such measure. PULP generally agrees that subscribership data, particularly relating to low-income and historically undersubscribed demographic populations, is relevant and can indicate affordability problems. PULP also proposes additional

measures of affordability in response to NOPR § 14, below.

In NOPR § 6, the Commission discusses the principle in the 1996 Act for access to advanced telecommunications services by rural, insular, high-cost area, and low-income consumers which is "reasonably comparable" to urban area services. Noting that there is variation both in service offerings from one urban area to another, and according to the demographic characteristics within urban areas, the Commission seeks "comment on how best to incorporate that variation in our use of urban area service as a benchmark for comparative purposes." *Id.*, p. 6. PULP submits that the key to the principle is the word "reasonable." Clearly Congress could not have intended that the introduction of a new service in a portion of an urban area automatically requires ubiquitous deployment in every part of the city or state, for that would deter the introduction of innovative services and not be reasonable. If the cost of new competitive telecommunications services is borne by those using them, the extent of their deployment in any area will be determined to a very substantial degree by the cost of deploying the new service offering and by market choices made by customers. Absent special circumstances, such as unlawful discrimination,¹ the Commission should refrain from dictating deployment of particular new services in an era of rapid change, competing technologies, and competing providers, for this could frustrate the overarching Congressional intent to achieve a "pro-competitive, deregulatory framework." NOPR § 6, p. 6 (citation omitted).

In NOPR § 8, the Commission asks for comment on whether additional universal service principles should be adopted by the Commission and the Joint Board under

¹ Discrimination in the provision of services is prohibited in the 1996 Act, § 151.

Section 254(b)(7) which authorizes additional principles which are "necessary and appropriate for the protection of the public interest, convenience, and necessity and are consistent with this Act." *Id.* PULP urges the Commission to adopt an additional principle that all users of telecommunications services must be able to subscribe to a bundle of basic or "core" network access services, the provision of which cannot be tied to subscription to or payment for any other service. Customers should be able to maintain telecommunications services for which they pay. Any provider of core access service who bills and collects for other services, including intrastate and interstate toll service, should be prohibited from terminating a consumer's core access service (and thus connection to the network) for failure to pay charges for other services. State collection rules that permit vicarious termination protocols create an anticompetitive, unlevel playing field for non-core access service providers who bill and collect for their own telecommunications services, place competitive billing and collection services at a disadvantage because they lack the club of disconnection of core access service, and thwart the new universal service mandates in the 1996 Act.²

A direct result of New York's billing and collection reforms, which began in mid-1992, was significant growth in access lines by 1994 due to customers being able to maintain core access services despite payment problems with their long distance carrier. Attachment A to these comments includes a news article mentioning NYNEX's growth in access lines as a factor in its profitability in the fourth quarter of 1994, coupled with

² PULP made detailed proposals on this issue in its September 28, 1996 *Comments on Proposed Policies to Increase Subscribership and Usage of the Public Switched Network*, in FCC No. 95-281, CC Docket No. 95-115.

contemporaneous testimony of a company official explaining in November 1994 that the unexpected growth in access lines was due to customers maintaining their service after the change in New York's billing and collection rules prohibiting the termination or denial of basic local service for nonpayment of third party charges.

The 1996 Act requires the Commission to remove once and for all the barriers to universal service caused by allowing providers to terminate basic access service for non-payment of toll or other services. Section 253(c) of the 1996 Act provides express authority for the FCC to preempt any state rule or practice that works as a barrier to the provision of any telecommunications services, which is prohibited under Section 253(a).³ State rules allowing termination of all network access because of non-payment of charges due for non-basic services billed by the local company have the effect of prohibiting any entity from providing any other telecommunications services, *e.g.*, local service, operator service, emergency call service, 800 calls, services offered by competitive interstate carriers who bill and collect for themselves, services specializing in collect calls, or information services, intralata toll services, and any number of other telecommunications services. State rules allowing basic network access to be held hostage for payment of other services, without offering the customer the opportunity to keep basic service if she pays for it, have the effect of prohibiting other entities from providing their services, and are thus in violation of the plain language of Section 253(a).

³ "No state or local statute or regulation, or other state or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service." 1996 Act, § 253(a).

III. Support for Rural, Insular, and High-Cost Areas and Low-Income Customers

In NOPR § 14 the Commission seeks "comment proposing standards for evaluating the affordability of quality telecommunications services." *Id.*, p. 10.

Subscribership data is a very important rough measure of universal service. Studies that look beneath the veneer of overall subscription levels typically find significantly lower rates for low-income consumers. For example, the National Telecommunications and Information Administration ("NTIA") in a study based on a 1994 Census Bureau survey of 54,000 households found significantly lower telephone subscription rates among the poor and minorities, and within those groups, in rural and central cities.⁴ Further efforts should be made by the FCC, possibly in cooperation with NTIA, the Census Bureau, and the states, to gather state-specific data regarding household use of telecommunications services regularly in order to identify populations with low subscription rates, and to gather information about the types of telecommunications services used and the degree of their usage.

PULP proposes consideration of additional measures of affordability because raw subscription data, while valuable, does not reveal directly whether a particular service can be afforded without hardship. Common usage and the dictionary definition of "afford" set out in the NOPR at p. 5, fn. 12 recognize the problem of substitution when the price

⁴ Jim McConnaughey, Cynthia Nila, and Tim Sloan, NTIA, *Falling Through the Net: A Survey of the "Have Nots" in Rural and Urban America* (July 1995), pp. 3-5. See PULP's *Comments on Proposed Policies to Increase Subscribership and Usage of the Public Switched Network*, in FCC No. 95-281, CC Docket No. 95-115, pp. 1-2.

of one good requires sacrifice of another. For many low-income consumers telephone service must be purchased at the expense of other necessities, such as food. PULP in the last year received numerous unsolicited letters from persons notified by computer generated letters of their Lifeline eligibility, and that their monthly basic service rate would be lowered to \$1, a savings of approximately \$10 per month. One customer stated:

I am writing you because I have just received your letter offering my family lifeline. I was really touched that someone really cares about the needs of families like mine. You have just gave my children milk for the month. Thank you very much.⁵

Another writer said:

Thank you so much for "Life Line" basic telephone service rate from NYNEX. I appreciate very much the thoughtfulness that impelled you to arrange this and the simplicity of the arrangements as well. One hundred dollars a year is a very significant amount of money for most of us who are disabled; this really makes a difference....⁶

A third said:

I just wanted to write a short note to tell you how much I appreciate getting LifeLine from NYNEX. I am on disability and receiving food stamps, so Life Line is a real saving for me. Thank you very much.⁷

As the above letters indicate, the most meaningful measure of affordability is from the viewpoint of the consumer: whether the household has the means, that is, disposable income, sufficient to permit the household to purchase at least a minimum level of required basic necessities including basic telecommunications service. If a household

⁵ Letter from M.D. and children, Woodside, NY., to PULP, May 25, 1995.

⁶ Letter from S.W., New York, N.Y., June 3, 1995.

⁷ Letter from M.D., New York, N.Y., September 13, 1995.

lacks sufficient funds to meet minimal food, shelter, medical, clothing, and energy needs, it stands to reason that the price of the telecommunications service is not affordable. This definition of affordability presents an objective standard that does not rely upon a household's actual spending pattern. In New York, persons who receive need-based benefits in various federal and state categories (SSI, AFDC, Food Stamps, Medicaid, Home Energy Assistance, Veteran's Pension and Disability, and Home Relief) are categorically eligible and are being automatically enrolled for telephone Lifeline rates in NYNEX service areas. This reflects the common-sense awareness that the incomes of persons eligible for these programs simply do not enable them to afford full-priced telephone service. When subscribers at low income levels face what would be a minor budgetary problem for a higher income person, such as a necessary household repair, a temporary loss of income due to illness, taking in an ill relative, a surge in long-distance bills due to a death in the family, etc., discontinuing telephone service becomes an option to help make ends meet. Automatic eligibility of all recipients of categorical aid programs also reflects the pragmatic considerations that while there should be certification of need to deter free ridership, case by case scrutiny of each customer's finances is administratively cumbersome, and that the solution is to rely mainly on determinations of public agencies that verify eligibility for the federal and state categorical programs for the needy.

There are other measurement tools that also could be useful to help assess whether service is affordable, and whether low-income households have access to advanced information services. One would be to examine the number of terminations or

suspensions of service for nonpayment. This data provides some indication of circumstances in which consumers no longer can afford service. Other measures of affordability could include the amount of connection charges, deposits, advance payments, late payment charges, and other costs needed to obtain or reinstate service. Obviously, the amount needed to reinstate basic access service after a prior termination for nonpayment of long distance bills or charges for other services, or even after termination for nonpayment of basic local service bills, can pose an insurmountable obstacle.⁸ This is an affordability issue as well as a universal service issue requiring the attention of the Commission and the Joint Board.

In NOPR § 16, the Commission proposes to include as "core access" services warranting universal service support "(1) voice grade access to the public switched network, with the ability to place and receive calls; (2) touch-tone; (3) single party service; (4) access to emergency services (911); and (5) access to operator services." *Id.* PULP agrees with these and proposes additional services, discussed below in the comments on NOPR § 23.

In NOPR § 21, the Commission asks for comment whether to include enhanced 911 services as an element of access to emergency services. While a desirable and valuable service, E911 may require the provider to upgrade switches earlier than planned at considerable cost for the telecommunications provider, or may impose significant

⁸ New York allows previously terminated customers to regain basic local service if they pay, or make arrangements to pay over time, the portion of arrears owed for basic local service. If the basic local portion cannot be readily ascertained, a \$25 payment is sufficient. *See PULP's Comments on Proposed Policies to Increase Subscription and Usage of the Public Switched Network*, in FCC No. 95-281, CC Docket No. 95-115, p.12 fn. 20.

implementation costs on local governments for equipment and data base maintenance.

New York State enacted a funding mechanism for E911 service, contained in New York

County Law, §§ 300, *et seq.*, finding E911 to be in the public interest:

The legislature finds that the enhanced emergency telephone service known as E911 provides substantial benefits beyond basic 911 systems through the provision of selective routing and automatic number and location identification and that these enhancements not only significantly reduce the response time of emergency services but also represent the state of the art in fail-safe emergency telephone system technology.

The legislature further finds that a major obstacle to the establishment of an E911 system in the various counties within the state is the cost of the telecommunication equipment and services which are necessary to provide such system.

The legislature further finds and declares that, by the enactment of the provisions of this article, it is the intent of the legislature to fulfill its obligation to provide for the health, safety and welfare of the people of this state by providing counties with a funding mechanism to assist in the payment of the costs associated with establishing and maintaining an E911 system and thereby considerably increase the potential for providing all citizens of this state with the valuable services inherent in an E911 system.
N.Y. County Law, § 300.

Clearly this is an issue where state and local governments are involved, and with whom the services must in any event be coordinated. New York allows E911 implementation costs to be paid through a surcharge of up to 35 cents per month per line, *N.Y. County Law § 303(1)*. The statute exempts Lifeline customers from the surcharge. *N.Y. County Law, § 304(4)*. The Joint Board should review the availability of E911 nationally and assess whether existing mechanisms for funding and implementing E911 require improvement.

In NOPR § 22 the Commission asks whether access to operator services is

essential. PULP believes it is, particularly to enable low-income callers to place collect calls.

In NOPR § 23 the Commission asks, *inter alia*, whether access to interexchange services should be included in the definition of core access services requiring universal service support. PULP believes it should be. A customer with basic local service must have the full opportunity to select an interexchange carrier.

PULP also proposes that the "core access" services proposed by the Commission⁹ be expanded to include:

1. Access to a statewide relay service (TDD) for hearing impaired customers.
2. Access to voice-grade information services *e.g.*, 800 and 976 services.
3. Directory assistance access.
4. A white pages listing, if desired, and at least annual receipt of a revised telephone directory, *i.e.*, white and yellow pages.
5. Low-speed data capability (2400 bps) to facilitate modem communication, internet access, and access to on-line information services.

The core access services described above largely represent what most customers today receive in their local service, and probably can be provided with little additional cost. Each element of this bundle of services facilitates meaningful access to telecommunications services commonly available to most customers today, and should not be disaggregated.

⁹ The "core" services initially proposed by the Commission are: "(1) voice-grade access to the public switched network, with ability to place and receive calls; (2) touch-tone; (3) single party service; (4) access to emergency services (911); and (5) access to operator services." NOPR § 16.

In NOPR § 25 the Commission asks for comment on how to determine rate levels that are affordable for services requiring universal support. PULP previously discussed the necessity to measure affordability in light of a household's income and ability to afford other basic needs. For low-income households receiving need-based benefits, the price of the core access services discussed above should be nominal. In New York, the price for Lifeline service from NYNEX and Rochester Telephone, which together cover more than 90 percent of the access lines in the state, is \$1 per month.¹⁰ This provides all the core access services proposed by the Commission plus the additional services proposed above by PULP.¹¹ Any party proposing more than a nominal charge for the core access services for such consumers should bear a very heavy burden to show that the price is affordable to the households and will not cause hardship or lead to diminished subscription.

In New York, Link-Up service is available to Lifeline-eligible applicants for a \$10 connection charge, whether or not a premises visit is required. The \$10 charge can be spread over twelve months' bills.¹² Attachment C to these comments contains a sample letter sent to persons found to be eligible for Lifeline through a confidential computer

¹⁰ The \$1 per month covers basic dial tone service; there may be additional charges at regular prices depending upon customer usage. Customers who choose flat rate options receive a price reduction based upon an implied access charge of \$2.

¹¹ Usage rates for all other services (except hook-up) are the same as for non-Lifeline customers. Lifeline customers receive the same quality of service, and have access to the same service offerings, as all other customers.

¹² See also, PULP's comments proposing means to increase subscribership in CC Docket 95-115, FCC No. 95-281, *Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network*, Sept. 26, 1995, at pp. 13-14.

matching program, inviting them to subscribe and explaining the connection charge. PULP proposes that the Commission act to remove financial barriers to telephone subscription for Lifeline-eligible applicants by adopting a \$10 maximum connection fee and requiring it to be collected over a ten month period. Thus, the cost of subscribing and maintaining access would be \$2 per month for the first ten months and \$1 per month thereafter.¹³

In NOPR § 26, the Commission asks "whether support should be based on achieving specific end-user prices." *Id.* PULP vigorously supports the goal of achieving specific end-user prices for core access services and connection for Lifeline customers. As previously discussed, in the case of low-income customers, and in order to advance the goal of universal service, the Commission should require only a nominal charge of no more than \$1 per month for the "core access" services.

With respect to the rural, insular and high-cost categories that are not income-related, there is less concern over a target end-user price, and there will need to be studies of the price variations in comparison to urban prices. After reviewing those variations, a reasonable level of acceptable deviation needs to be set, over which the service would receive support. Periodic review of the price variations between the geographic areas is needed, because variations may change over time as more efficient technology is deployed in rural areas.

In NOPR § 50, the Commission asks for comment whether to include in the

¹³ Customers who owe arrears for local access service should be offered deferred payment agreements. Those who owe for other services can be blocked from receiving that service from the unpaid provider.

category of services to be supported for low-income customers "access to telecommunications and information services." *Id.* Access to voice-grade information services, through 800 and 976 type calls should be in the bundle of core access services. For example, public assistance recipients may need to call an 800 number to reach a caseworker, or to seek review of decisions to terminate benefits, or to call back agencies leaving messages, or to reach long distance information. The 800 calls themselves are paid by the called party, and require no universal service financial support. However, unless this access is included as a bundled element of core access service, it could be compromised if states allow "global" blocking of all 1+ calls, including 800 calls, for nonpayment of a single interexchange carrier. Or, even worse, a low-income customer will have no access to essential 800 numbers or emergency services because of the termination of local service for non-payment of toll charges to one provider, even if the customer wishes to maintain core access services and makes partial payments sufficient to meet the charges for core access services. New York's rules require allocation of partial payments to protect basic service. 16 NYCRR Part 606. For a fuller description of New York's four-bucket system of allocating payments for various services, *see* PULP's comments proposing means to increase subscribership in CC Docket 95-115, FCC No. 95-281, *Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network*, Sept. 26, 1995, pp. 4-11.

As previously indicated, PULP believes core access services for all customers should include low-grade data transmission capability (at least 2400 bps). One of the rapidly growing advanced telecommunication services, internet access, requires access to

basic local telephone service that can transmit data. Competition among many providers is working rapidly to reduce prices for home internet access, and prices are falling for computer equipment needed for internet access. With local telephone access, global internet communication is feasible; without local access, it is impossible. If the Commission continues to allow local telephone access to be terminated because of a customer's debts for other services, such as toll service, the goal of achieving fuller access to the internet will be frustrated for those low-income customers who cannot regain local telephone service even if they manage to acquire inexpensive or second-hand computers with internet capability.

In NOPR § 52 the Commission seeks comment on the advisability of free access to information about lower cost rates, Lifeline, and Link Up services. PULP agrees. NYNEX has an 800 number for Lifeline and Link Up enrollment for low-income New Yorkers to obtain information and individually enroll in the programs.

In a major innovation, NYNEX in cooperation with PULP and the New York State Department of Social Services in the past year implemented a program to identify customers eligible for Lifeline and Link Up programs and to enroll them efficiently using confidential computer list matching of telephone records and recipient information. Customers are notified by a computer-generated notice of their eligibility for Lifeline, and are automatically enrolled unless they raise an objection. Link Up prospects who are receiving public benefits but who lack a telephone are sent pre-printed application forms and mail-back envelopes to request service. A copy of a letter from the United States Department of Health and Human Services, approving the confidential use of

recipient data for this purpose, is annexed as Attachment B. Copies of some of the form letters used are annexed to these comments as Attachment C. A detailed description of a computer matching program for Lifeline enrollment, certification and revalidation is contained in Attachment D.

In the past year, more than 225,000 new Lifeline customers have been enrolled, and many persons who previously lacked telephones have become customers in the Link Up program. A significant barrier to enrollment of customers previously terminated for non-payment was eliminated under New York's billing and collection rules, which allow the customer to regain local service even while blocked for toll service from the unpaid long distance provider, and to pick a second interexchange carrier, who may require a reasonable deposit. Reforms such as these need to be implemented nationally if universal service is to be achieved.¹⁴

In NOPR § 53 the Commission also proposes free access to the business office of the telephone service provider by Lifeline customers. PULP agrees with this proposal.

In NOPR § 54 the Commission seeks comment regarding toll blocking and toll limiting services for low-income customers. NYNEX now provides voluntary toll blocking to all residential customers at no charge. There is no reason to restrict this service to low-income customers. Variations, such as dollar limits on monthly toll charges are services that may be helpful, but they should be strictly voluntary. There should be no inferior service offering for low-income customers that would block or

¹⁴ The successful NYNEX Lifeline enrollment program, a result of PULP's advocacy and the cooperation of social services officials, is discussed in much greater detail in PULP's comments in CC Docket No. 95-115, and in the attachments to those comments.

prevent them from receiving any telecommunications service. To the extent involuntary blocking is allowed, as a general matter it should be limited to situations where the customer has not paid the provider of the blocked service, so that the customer has continued access to the service for which he pays.

In NOPR § 55 the Commission invites comment regarding access to interexchange services, and reduced interexchange rates for low-income customers. As previously stated, PULP believes access to interexchange is a fundamental, or "core" access service that should be available to low-income customers at nominal cost. Interexchange usage rates also should be lowered for low-income customers, because of the common usage of this service and the difficulty low-income customers have in paying for long distance usage. PULP welcomes AT&T's low-income rate, and the FCC should encourage other interexchange carriers to provide services to low-income customers that represent true savings in comparison to the carrier's least expensive calling plans.¹⁵ If these low-income discount rates are priced above incremental cost, however, there is really no need to meet their cost through a universal service support mechanism, in contrast to the proposed \$1 monthly rate for basic access service and \$10 maximum connection charge.¹⁶ Indeed, to the extent that a low-income long distance rate facilitates calls that the customer otherwise could not afford, there will be a net revenue contribution by the customer. Enrollment in an interexchange carrier's low-income plan can be conditioned

¹⁵ Because of the proliferation of residential calling plans, PULP suggests that the carriers offer a discount within each plan to Lifeline customers.

¹⁶ Economists generally recognize that the price of a service is subsidy free if it recovers at least its relevant incremental cost.

on the customer's receipt of Lifeline service from the local access service provider, thus avoiding unnecessary duplication of enrollment and revalidation costs.

In NOPR § 57, the Commission seeks input whether other services for persons who have no residence should be considered, for example, wireless service for populations unable to maintain traditional residential service. PULP recommends that special attention be devoted to studying the telecommunications needs of farmworkers and migrant workers. There are approximately 30,000 to 40,000 migrant farmworkers in New York state who reside on farms in rural areas. Many of them lack access to a telephone, not even a currency operated telephone. They are unable to make emergency calls for medical and police assistance, or to call social service agencies and legal assistance providers. While some migrant farmworkers reside in one place for as long as four to five months, others stay for shorter periods of time.¹⁷ Further examination of the methods of providing service to this vulnerable mobile population is necessary if the universal service goal is to be attained.

In NOPR § 58 the Commission seeks comment regarding other services for low-income customers. One possible service is the efficient and confidential certification, enrollment, and periodic revalidation of customers eligible for Lifeline rates, as is now being done in New York. Enrollment methods overly dependent upon individual certification are cumbersome, expensive, and ill-suited to achieving universal service for the low-income population. Automatic enrollment systems for Lifeline, and computer

¹⁷ Information provided by James Schmidt, Executive Director, Farmworker Legal Services of New York, Inc., Rochester, N.Y.

match outreach programs for households eligible for Link Up benefits who do not presently have telephone service can perform this function more efficiently, and are more likely to reach customers who may not respond to traditional outreach and individual enrollment programs. A proposed model detailing the working of such a system is set out in Attachment D to these comments.

In NOPR § 59 the Commission asks "how to define eligible low-income customers." *Id.* PULP proposes a two-tier system. At a minimum, the definition of low-income customers should categorically include any customer receiving the following federal need-based benefits: SSI, AFDC, Food Stamps, Medicaid and Home Energy Assistance. Customers receiving benefits in state-funded general assistance programs such as New York's Home Relief program also should be eligible. As previously discussed, households living at these levels generally lack the disposable income to afford telephone service, are sacrificing other needs when they subscribe, and are at risk of losing service in times of family budget crisis, sometimes resulting in their being churned off and on the network. Administratively, costs can be minimized by avoiding a duplicative certification procedure for telephone Lifeline, through automated enrollment and revalidation measures that are designed to benefit even those who are most difficult to reach through conventional outreach and individual sign-up methods.

In addition, there also should be room for states to add a second-tier of customers eligible for Lifeline. This flexibility may be needed to reach households slightly above the income levels for the categorical programs, and slightly above the federal poverty guidelines, who are still unable to afford telephone service. It may also help states

coordinate their telephone Lifeline enrollment and revalidation mechanisms with those for low-income discounts for electric and gas service. An example of such a second-tier eligibility level is the dual approach of categorical eligibility and income eligibility adopted by Congress in the Low-Income Home Energy Assistance Act, 42 U.S.C. § 8624(b)(2), which includes certain categorically eligible households plus households with income up to 150% of the federal poverty guideline or 60% of the state median income, whichever is higher.

In NOPR § 65 the Commission asks for recommendations regarding the level of support for the Lifeline and Linkup programs. PULP believes that the level of support should be increased to provide support for \$1 per month for Lifeline service and \$10 for Link Up, whether or not a premises visit is required. This firm price with federal support behind it will underscore the nation's commitment to universal service.